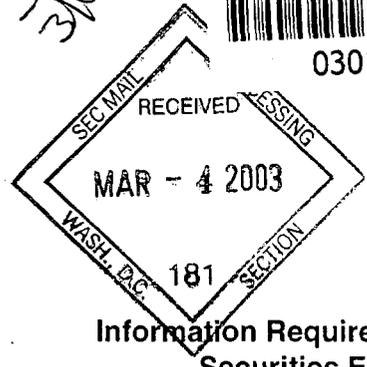


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FED STATES
EXCHANGE COMMISSION
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 47729

FACING PAGE
**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING JANUARY 1, 2002 AND ENDING DECEMBER 31, 2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **US TRADING CORP.**

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
1270 AVENUE OF THE AMERICAS

NEW YORK, (No. and Street) **NY** **10020**
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
SALVATORE RISI (212) 332-2612
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Ernst & Young LLP

5 Times Square (Name - of individual, state last, first, middle name) **New York** **NY** **10036**
(Address Code) (City) (State) (Zip)

- CHECK ONE:**
 Certified Public Accountant
 Public Accountant
 Accountant not resident in United States or any of its possessions.

PROCESSED
MAR 21 2003
THOMSON
FINANCIAL

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

MAR 21 2003

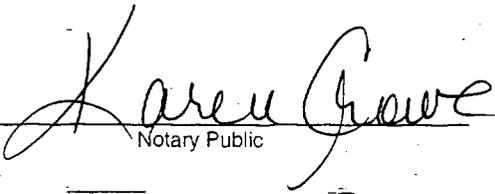
OATH OR AFFIRMATION

I, SALVATORE RISI, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of US TRADING CORP.

, as of DECEMBER 31, 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Signature

CHIEF FINANCIAL OFFICER
Title


Notary Public

Karen Crowe
Notary Public-State of New York
No. 01CR6052729
Qualified in Rockland County
My Commission Expires 12/26/2006

- This report** contains (check all applicable boxes):
- (a) Facing page.
 - (b) Statement of Financial Condition.
 - (c) Statement of Income (Loss).
 - (d) Statement of Changes in Financial Condition.
 - (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
 - (f) Statement of Changes in Liabilities Subordinated to Claims or Creditors.
 - (g) Computation of Net Capital.
 - (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
 - (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
 - (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A or Rule 15c3-3.
 - (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
 - (l) An Oath or Affirmation.
 - (m) A copy of the SIPC Supplemental Report.
 - (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
 - (o) Supplementary Report of Independent Auditors on Interest Control required by SEC Rule 17-a-5

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

STATEMENT OF FINANCIAL CONDITION

US Trading Corp.

Year ended December 31, 2002
with Report of Independent Auditors

US Trading Corp.

Statement of Financial Condition

Year ended December 31, 2002

Contents

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Report of Independent Auditors

To the Stockholder
US Trading Corp.

We have audited the accompanying statement of financial condition of US Trading Corp. (the "Company") as of December 31, 2002. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of US Trading Corp. at December 31, 2002 in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

February 21, 2003

US Trading Corp.

Statement of Financial Condition

December 31, 2002

Assets

Cash and cash equivalents	\$254,349
Receivable from Clearing Broker	171,190
Furniture, fixtures, equipment and leasehold improvements, at cost, net of accumulated depreciation of \$ 90,361	62,231
Other assets	67,533
Total assets	<u>\$555,303</u>

Liabilities and stockholder's equity

Liabilities:

Commissions payable	\$105,434
Accounts payable and accrued expenses	109,968
Total liabilities	<u>215,402</u>

Stockholder's equity:

Common stock, no par value: authorized, issued and outstanding 10 shares	100
Additional paid-in capital	404,900
Retained earnings	(65,099)
Total stockholder's equity	<u>339,901</u>
Total liabilities and stockholder's equity	<u>\$555,303</u>

See accompanying notes.

US Trading Corp.

Notes to Statement of Financial Condition

December 31, 2002

1. Organization

US Trading Corp. (the "Company") is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and is a member of the National Association of Securities Dealers, Inc. (the "NASD"). The Company acts as an introducing broker for which it earns commissions. Securities transactions for the Company's customers are cleared through and carried by Penson Financial Services, Inc., ("clearing broker"), on a fully disclosed basis. The Company is also engaged in proprietary trading of securities.

Carlin Equities Corp. acquired 100% of the common stock of the Company on July 24, 2002 at the net asset value of the Company as of June 30, 2002. Carlin Equities Corp. paid approximately \$533,000 for the Company and recorded goodwill in the amount of \$20,000 that is reflected in other assets on the statement of financial condition.

2. Significant Accounting Policies

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The Company records securities transactions and the related revenue and expenses on a trade-date basis. Securities owned and securities sold, not yet purchased, are stated at their quoted market prices with the resulting unrealized gains and losses on securities transactions reflected in revenues on the statement of operations based on the last price on the securities exchanges on which they trade. At December 31, 2002 the Company did not have any positions in securities owned or securities sold, not yet purchased.

Furniture, fixtures, equipment and leasehold improvements are depreciated on a straight-line basis over the economic useful lives of the assets, not exceeding seven years.

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

US Trading Corp.

Notes to Statement of Financial Condition (continued)

2. Significant Accounting Policies (continued)

The Company has elected to operate under Subchapter S of the Internal Revenue Code and, consequently, is not subject to federal and certain state income taxes. Accordingly, the stockholders of the Company are individually liable for the taxes on their share of the Company's net income for federal and certain state income tax purposes.

3. Receivable from Clearing Broker

The clearing and depository operations for the Company's and its customers' securities transactions are provided by the clearing broker pursuant to a clearance agreement.

The Company does not carry accounts for customers or perform custodial functions related to customers' securities. The Company introduces all of its customer transactions, which are not reflected in these financial statements, to the clearing broker, which maintains the customers' accounts and clears such transactions. At December 31, 2002 there were no positions in securities owned or securities sold, not yet purchased.

For transactions in which the Company through its clearing broker extends credit to customers, the Company seeks to control the risks associated with these activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company and the clearing broker monitor required margin levels daily and, pursuant to such guidelines, request customers to deposit additional collateral or reduce securities positions when necessary.

The Company has agreed to indemnify the clearing broker for losses that it may sustain from the customer accounts introduced by the Company. At December 31, 2002 and for the year then ended, there were no amounts to be indemnified to the clearing broker for these transactions.

4. Commitments

The Company occupies facilities pursuant to a lease agreement that expires September 2005. The lease also provides for escalations from real estate taxes and other expenses. In addition, the Company has monthly operating leases on office and computer equipment that is utilized in the day-to-day operations of the Company.

US Trading Corp.

Notes to Statement of Financial Condition (continued)

4. Commitments (continued)

Minimum future rental payments under these leases are as follows:

Year ending December 31:	
2003	\$134,898
2004	123,268
2005	92,837
2006	813
	<u>\$351,816</u>

5. Concentration of Credit Risk

The Company maintains cash deposits in one financial institution, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

6. Related Party Transactions

Effective April 1, 2001, the former owner of the Company entered into a revenue sharing agreement with the Company whereby the former owner will introduce or recommend customer accounts to the Company in return for 100% of the net income as defined on the Purchase Agreement generated from such accounts. For the year ended December 31, 2002, amounts paid under this agreement totaled \$29,408, which is reflected in commissions on the accompanying statement of operations. The agreement has been terminated effective December 31, 2002.

7. Estimated Fair Value of Financial Instruments

Statement of Financial Accounting Standards No. 107, "Disclosure About Fair Value of Financial Instruments," requires the disclosure of the fair value of financial instruments, including assets and liabilities recognized in the Statement of Financial Condition. Management estimates that the aggregate net fair value of financial instruments recognized in the Statement of Financial Condition (including receivables and payables) approximates their carrying value, as such financial instruments are short-term in nature.

US Trading Corp.

Notes to Statement of Financial Condition (continued)

8. Net Capital Requirements

As a broker-dealer and member organization of the NASD, the Company is subject to the Uniform Net Capital Rule 15c3-1 (the "Rule") of the SEC which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness and net capital, both as defined, shall not exceed 15 to 1. Minimum net capital is defined as the greater of 6-2/3 of aggregate indebtedness or \$100,000. At December 31, 2002, the Company had net capital of \$210,137 which exceeded its net capital requirement of \$100,000 by \$110,137. The Company's ratio of aggregate indebtedness to net capital was 1.03 to 1.

Advances, dividend payments, and other equity withdrawals by the Company are subject to certain notification and other provisions of the Uniform Net Capital Rule 15c3-1 of the SEC and other regulatory bodies.

9. Guarantees

In November 2002, the Financial Accounting Standards Board issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45") which provides accounting and disclosure requirements for certain guarantees. The disclosure requirements are effective for financial statements of interim or annual periods ending after December 15, 2002. The Interpretation's initial recognition and measurement provisions are applicable on a prospective basis to guarantees issued or modified after December 31, 2002.

As described in Note 3, the Company has agreed to indemnify the clearing broker for losses that it may sustain from the member accounts introduced by the Company. In accordance with applicable margin lending practices, customer balances are typically collateralized by customer securities or supported by other types of recourse provisions.